



## AGENDA BILL APPROVAL FORM

<b>Agenda Subject:</b> Ordinance No. 6301		<b>Date:</b> April 19, 2010
<b>Department:</b> Finance	<b>Attachments:</b> Ordinance No. 6301	<b>Budget Impact:</b> \$250,000.00 a year for 25 years
<b>Administrative Recommendation:</b> City Council introduce and adopt Ordinance No. 6301.		
<b>Background Summary:</b>  <p>Ordinance No. 6301 levies the .03% sales tax credit against the state sales tax for local revitalization financing. SB 5045 authorizing the tax credit was passed by the state legislature during the 2009 regular session. The intent of the legislation was to provide financial assistance to Cities to assist with financing public improvements in an identified revitalization area to promote community and economic development.</p> <p>The City applied for the use of local revitalization financing on August 11, 2009 and the Department of Revenue approved the application on September 16, 2009 granting the project award of \$250,00.00. The tax credit is available to the City for up to 25 years.</p>          <div style="display: flex; justify-content: space-between;"> <span>N0419-1</span> <span>F6.16</span> </div>		
<b>Reviewed by Council &amp; Committees:</b> <div style="display: flex;"> <div style="flex: 1;"> <input type="checkbox"/> Arts Commission  <input type="checkbox"/> Airport  <input type="checkbox"/> Hearing Examiner  <input type="checkbox"/> Human Services  <input type="checkbox"/> Park Board  <input type="checkbox"/> Planning Comm.         </div> <div style="flex: 1;"> <b>COUNCIL COMMITTEES:</b>  <input checked="" type="checkbox"/> Finance  <input type="checkbox"/> Municipal Serv.  <input type="checkbox"/> Planning &amp; CD  <input checked="" type="checkbox"/> Public Works  <input type="checkbox"/> Other _____         </div> </div>		<b>Reviewed by Departments &amp; Divisions:</b> <div style="display: flex;"> <div style="flex: 1;"> <input type="checkbox"/> Building  <input type="checkbox"/> Cemetery  <input type="checkbox"/> Finance  <input type="checkbox"/> Fire  <input type="checkbox"/> Legal  <input type="checkbox"/> Public Works  <input type="checkbox"/> Information Services         </div> <div style="flex: 1;"> <input type="checkbox"/> M&amp;O  <input type="checkbox"/> Mayor  <input type="checkbox"/> Parks  <input type="checkbox"/> Planning  <input type="checkbox"/> Police  <input type="checkbox"/> Human Resources         </div> </div>
<b>Action:</b> Committee Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No Council Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No      Call for Public Hearing ____/____/____ Referred to _____ Until ____/____/____ Tabled _____ Until ____/____/____		
<b>Councilmember:</b> Backus		<b>Staff:</b> Coleman
<b>Meeting Date:</b> April 19, 2010		<b>Item Number:</b> VIII.A.1

**ORDINANCE NO. 6 3 0 1**

AN ORDINANCE OF THE CITY OF AUBURN,  
WASHINGTON IMPOSING THE LOCAL SALES AND USE  
TAX TO BE CREDITED AGAINST THE STATE SALES AND  
USE TAX FOR PURPOSES OF UTILIZING LOCAL  
REVITALIZATION FINANCING UNDER CHAPTER 39.104  
OF THE REVISED CODE OF WASHINGTON; AND  
PROVIDING FOR OTHER MATTERS PROPERLY  
RELATING THERETO

WHEREAS, state law authorizes cities that to levy sales tax credit against the state sales tax for local revitalization financing; and

WHEREAS, SB 5045 authorizing the tax credit was passed by the state legislature during the 2009 regular session with the intention of providing financial assistance to cities to assist with financing public improvements in an identified revitalization area to promote community and economic development; and

WHEREAS, the City of Auburn applied for the use of local revitalization financing on August 11, 2009 and the Department of Revenue approved the application on September 16, 2009 granting the project award of \$250,000.00, which tax credit would be available to the City for up to 25 years.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON DO ORDAIN as follows:

**Section 1. Definitions.** Capitalized terms not otherwise defined in this ordinance have the meanings given in RCW 39.104.020, as it may be amended from time to time.

**Section 2. Findings.** The City Council (the "Council") of the City of Auburn, Washington (the "City"), hereby makes the following findings and determinations:

2.1 Chapter 39.104 RCW and RCW 82.14.505 and 82.14.510 authorize the imposition of a local sales and use tax (the "LRF Tax") for the purpose of financing certain Public Improvements located within a Revitalization Area ("RA"), upon the satisfaction of certain conditions set forth therein. This local sales and use tax is credited against the sales and use tax otherwise due to the State under chapters 82.08 and 82.12, resulting in no net change in tax rate to the taxpayer.

2.2 Pursuant to this authority, the City, by Resolution No. 4502, adopted on August 3, 2009, previously created the Auburn Revitalization Area, for the purpose of financing Public Improvements located within the RA.

2.3 The City submitted its application for the use of Local Revitalization Financing pursuant to RCW 39.104.100 and 82.14.505 on August 11, 2009, and the Department of Revenue (the "Department") approved such application on September 16, 2009, granting a project award in the amount of \$250,000.

2.4 The City Council finds that the City has satisfied all prerequisites to imposing the LRF Tax and receiving the State Contribution, including without limitation, the conditions set forth in chapter 39.104, RCW 82.32.765, 82.14.505, 82.14.510 and 82.14.515.

2.5 Prior to July 1, 2010, the City intends to incur general indebtedness, and to issue bonds, pursuant to RCW 39.104.110 in a maximum principal amount not to exceed \$7,200,000 to finance the Public Improvements. The City further intends to retire such indebtedness in whole or in part from Local Revitalization Financing it receives.

**Section 3. State-Shared Sales and Use Tax Imposed as of July 1, 2010.**  
The sales and use tax authorized under RCW 82.14.510 is imposed as of July 1, 2010, as follows:

3.1 Effective Date and Duration. The sales and use tax authorized by this ordinance shall be imposed and become effective as of July 1, 2010. The tax imposed under this ordinance expires the earlier of the date that the bonds issued under the authority of RCW 39.104.110 are retired or July 1, 2035, the date that is twenty-five years after the tax is first imposed.

3.2 Rate. The tax rate shall initially be set at .03% of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The tax rate may be adjusted by ordinance of the City Council from time to time so that it is set at the rate reasonably necessary to receive the state contribution over ten months, in accordance with RCW 82.14.510(3).

3.3 Use of LRF Tax Receipts. In accordance with RCW 82.14.515, receipts of the LRF Tax shall be applied to provide for the payment of debt service on bonds issued under RCW 39.104.110.

### 3.4 Other Statutory Requirements.

- (1) In accordance with RCW 82.14.510(6):
  - (a) The LRF Tax authorized by this ordinance shall first be imposed on July 1, 2010, which is the first day of a State fiscal year.
  - (b) The cumulative amount of LRF Tax distributions received by the City in any fiscal year shall not exceed the amount of the State Contribution to the City.
  - (c) The LRF Tax shall cease to be distributed to the City for the remainder of any State fiscal year in which:
    - (i) The amount of tax received by the City equals the amount of the State Contribution; or
    - (ii) The amount of revenue distributions to all Sponsoring and Cosponsoring Local Governments from taxes imposed under RCW 82.14.510 equals the Annual State Contribution Limit.

(2) The LRF Tax shall be distributed again, should it cease to be distributed for any of the reasons provided in RCW 82.14.510(6)(c), at the beginning of the next State fiscal year, subject to the restrictions in RCW 82.14.510.

(3) Any revenue generated by the LRF Tax in excess of the amounts specified in (1)(c) of this subsection 3.4 shall belong to the State of Washington.

(4) In accordance with RCW 82.14.510(9), if the City fails to comply with RCW 82.32.765, no tax will be distributed in the subsequent fiscal year until such time as the City complies and the department calculates the State Contribution amount for such fiscal year in accordance with RCW 82.14.510(10).

**Section 4. Delivery of Ordinance.** The City Clerk is directed to cause a certified copy of this ordinance to be delivered to the State of Washington Department of Revenue and any other public officers or agencies required by law.

**Section 5. Ratification.** All actions heretofore taken in furtherance thereof and not inconsistent with the provisions of this ordinance are hereby ratified and confirmed in all respects.

**Section 6. Validity.** If any provision of this ordinance shall be declared by any court of competent jurisdiction to be invalid, then such provision shall be null and void and shall be separable from the remaining provisions of this ordinance and shall in no way affect the validity of the other provisions of this ordinance, of any bonds issued in anticipation of receipt of distributions from LRF Taxes or of the use of Local Revitalization Financing to finance the Public Improvements.

**Section 7. Effective date.** This Ordinance shall take effect and be in force five days from and after its passage, approval and publication as provided by law.

INTRODUCED: \_\_\_\_\_

PASSED: \_\_\_\_\_

APPROVED: \_\_\_\_\_

CITY OF AUBURN

ATTEST:

\_\_\_\_\_  
PETER B. LEWIS, MAYOR

\_\_\_\_\_  
Danielle E. Daskam, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Daniel B. Held, City Attorney

Published: \_\_\_\_\_